



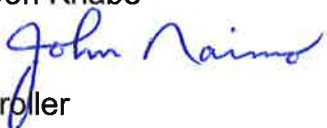
JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 17, 2015

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo 
Auditor-Controller

SUBJECT: **OFFICE OF THE ASSESSOR - UNSECURED PROPERTY SYSTEMS
REVIEW (Board Agenda Item 36-A, April 10, 2012)**

At the April 10, 2012 meeting, your Board instructed the Auditor-Controller (A-C) to review four areas in the Office of the Assessor (Assessor): 1) review the Assessor's Fiscal Year (FY) 2012-13 assessed value roll forecast; 2) conduct a comprehensive management audit; 3) review the Assessor's business operations and controls, including fiscal activities, and the secured and unsecured property systems; and 4) review properties with a 20% or greater reduction in value from December 2010 to January 2012 to determine appropriateness.

Status

Area 1: The assessed value roll forecast review was completed and issued to your Board in May 2012.

Area 2: The management audit was completed and issued in January 2013.

Area 3: The fiscal and secured property systems reviews were completed and issued in January and August 2013, respectively. This unsecured property systems review is the final component in response to your Board's instructions.

Area 4: The review of properties with value reductions in excess of 20% was completed and issued in February 2014.

As mentioned, this report covers the remaining component of Area 3, a review of the Assessor's unsecured property systems (Systems). The Systems are used to record the appraised values of unsecured property (e.g., airplanes, boats, business property, etc.) in the County, which are used to establish the property taxes owed on these properties. In FY 2012-13, the Assessor used the Systems to record valuations of approximately 281,000 unsecured properties totaling nearly \$56 billion. Of these amounts, Assessor staff data enter approximately 112,000 unsecured property values totaling \$42.5 billion each year. The remaining 169,000 values totaling \$13.5 billion are automatically calculated in the Systems, for certain types of lower value properties.

Our review included determining whether the Assessor's Systems controls were adequate to ensure that authorized value changes were processed correctly. At the request of Assessor's management, we delayed our audit work for over six months to allow their staff to focus on completing valuation changes timely, and on completing critical changes to the Systems.

Results of Review

Our review disclosed that the Assessor needs to improve their controls relating to processing and approval of property appraisals, and for making Systems changes and hardware purchases. The following are examples of areas for improvement:

- **System Audit Trail** - The Assessor needs to enhance the Systems to maintain an audit trail of users who enter and approve business property appraisals. We noted that appraisers and their supervisors use the Systems to prepare and approve approximately 102,500 business property appraisals valued at \$39 billion annually. We were not able to determine whether business property appraisals were properly authorized because the Systems do not keep an audit trail of the users who entered and approved each appraisal.

Assessor's attached response indicates that the Systems now maintain an audit trail of business property appraisal approval activity.

- **System Approvals** - The Assessor needs to evaluate enhancing the Systems to require independent approvals for owner deactivations and aircraft and boat appraisals. Appraisal and clerical staff process approximately 48,000 owner deactivations a year without supervisory review to ensure that there is support for removing the owners from the assessment roll. While many of the deactivated owners' properties are transferred to a new owner, some deactivations result in property worth millions of dollars being removed from the roll. In addition, Assessor clerical staff annually data enter approximately 9,500 aircraft and boat appraisals valued at \$3.5 billion without a separate review. This weakness could allow clerical staff to inappropriately lower property values without being detected.

Assessor's response indicates that approvals for owner deactivations are not feasible within the current Systems environment and resources, but that they will include this feature during their Systems replacement. The Assessor also indicates that they have enhanced the Systems to reflect independent approvals.

- **Unbilled Appraisals** - The Assessor needs to ensure that all business property appraisals are processed and that exceptions are resolved timely to help ensure timely billings. Although Assessor staff process the majority of business property appraisals timely, we noted:
 - Fifteen appraisals, totaling approximately \$3.3 million, were entered into the Systems timely, but were not sent to the A-C and Treasurer and Tax Collector for billing because of a Systems error.
 - Eight appraisals, totaling approximately \$8.7 million, were put on hold in the Systems for up to one year because the property owners disagreed with the Assessor's appraisal. However, the Assessor is not required to hold appraisals while the owners' property valuation disagreements are being resolved.

Assessor's response indicates that they have a quarterly process to review and correct unbilled/unneeded appraisals. The Assessor also indicates that they now immediately process disputed appraisals for billing. The Assessor's response does not indicate whether they have corrected the unbilled and held appraisals noted in our review. The Assessor needs to ensure these billings and appraisals are resolved.

- **Appraisal Documentation** - The Assessor needs to ensure that staff document property appraisals to support value changes entered in the Systems. Two (3%) of the 60 value changes reviewed did not have documentation on file (e.g., canvassing logs or tax exemption claim forms) to support the appraised values.

Assessor's response indicates that they updated their process for documenting and reviewing appraisals, and that every appraisal will require at least one review for proper documentation.

- **Inappropriate User Access** - The Assessor needs to cancel terminated and transferred users' Systems access, and restrict access based on work assignments. We noted 112 users who left the Assessor as far back as June 2000 but their Systems access was not terminated. We also noted one (9%) of the 11 users reviewed had unneeded access to enter and approve appraisals in the Systems.

Assessor's response indicates that they have terminated any inappropriate Systems access and implemented regular reviews of access levels.

- **System Change Controls** - The Assessor needs to enhance controls over Systems changes. We noted that the Assessor does not always document Systems changes, does not separate the duties of programming and implementing Systems changes, and does not periodically monitor changes for compliance with County policy. These weaknesses significantly increase the risk of unauthorized or inaccurate changes to the Systems.

Assessor's response indicates that they now document Systems changes, separate the duties of programming and implementing changes, and regularly review for compliance with change control policies.

- **Information Technology (IT) Hardware Purchases** - The Assessor needs to ensure IT equipment is purchased only when needed. We noted that Assessor IT staff purchased a server for \$130,000 in 2011, but did not install it until November 2013. The Assessor could have saved approximately \$50,400 if they had purchased the equivalent server when it was needed.

Assessor's response indicates that management has walked their inventory warehouse, identified all items that can be placed in production, and deployed them as appropriate. They also indicate that current purchases comply with County Fiscal Manual policy.

Some of the weaknesses noted above are similar to weaknesses noted during our review of the Assessor's secured property systems that allowed alleged fraudulent activity to occur and go undetected. Assessor management should evaluate implementing our recommendations across all their critical IT Systems.

Details of these and other findings and recommendations are included as Attachment I.

Acknowledgement

We discussed our report with Assessor management who generally agreed with our findings. The Assessor's attached response (Attachment II) indicates that they have implemented all of our recommendations.

We thank Assessor management and staff for their cooperation and assistance during our review. If you have any questions, please contact me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:RS:MP

Attachments

c: Sachi A. Hamai, Interim Chief Executive Officer
Jeffrey Prang, Assessor
Joseph Kelly, Treasurer and Tax Collector
Public Information Office
Audit Committee

**OFFICE OF THE ASSESSOR
UNSECURED PROPERTY SYSTEMS REVIEW**

Background

The Office of the Assessor (Assessor) is responsible for appraising the value of secured and unsecured property in the County. Secured property consists of real estate, and unsecured property consists of personal items such as airplanes, boats, business property, etc. The Assessor values most unsecured property at fair market value, which typically declines each year.

The Assessor places an emphasis on discovering taxable unsecured property. This helps ensure they capture new taxable property purchases and properties transferred into the County. The Assessor discovers property through a variety of methods, including:

- Canvassing County marinas, airports, and businesses.
- Gathering property records from organizations such as the Federal Aviation Administration, the Department of Motor Vehicles, etc.
- Requiring County business owners to submit self-report property forms.

The Assessor identifies all the taxable unsecured properties in the County, and determines their values. Property taxes for both secured and unsecured properties are imposed based on the values determined by the Assessor.

The Assessor uses multiple computer systems to manage and process property valuations. We issued our report on the Assessor's secured property systems in August 2013. This report focuses on our review of the unsecured property systems which include the Business Personal Property Assessment System, the Vessel Assessment System, and the Aircraft Assessment System (collectively "Systems"). The values recorded in the Systems are used to create a listing of the taxable personal property in the County, which serves as the basis for levying personal property taxes. In Fiscal Year (FY) 2012-13, the Assessor used the Systems to process approximately 281,000 vessel, aircraft, and business property valuations of nearly \$56 billion. Of these amounts, Assessor staff data enter approximately 112,000 unsecured property values totaling \$42.5 billion each year. The remaining 169,000 values totaling \$13.5 billion are automatically calculated in the Systems, for certain types of lower value properties.

We reviewed the Assessor's appraisal documentation, and procedures and controls over the Systems for compliance with County policies. Our review included evaluating controls over Systems access and the personal property valuations process. We delayed the timing of our audit work for over six months at the request of Assessor management, who indicated that their staff needed to focus on completing valuation changes timely, and on completing critical changes to the Systems.

Unsecured Property Appraisals

Assessor appraisal staff document aircraft and boat appraisals and exemption claims on manual forms. They then obtain a supervisor's signature on the forms, and submit them to clerical staff who enter the appraised values into the Systems. For business property, appraisal staff prepare and document appraisals directly in the Systems, then route them in the Systems for an electronic supervisor approval.

Approval Controls

County Fiscal Manual (CFM) Section 8.9.1.1 requires independent approvals and controls over information input into electronic systems. We reviewed approval controls for property appraisals and owner information entered in the Systems and noted:

- **System Audit Trail** - The Systems do not keep an audit trail of the users who entered and approved business property appraisals. Appraisers enter and supervisors approve approximately 102,500 business property appraisals annually for property valued at approximately \$39 billion. The lack of an audit trail prevented us from determining whether any of those appraisals were properly approved by supervisory staff.

We reviewed 30 business property appraisals and noted five (17%) were not accurately entered in the Systems. One of the five errors caused a property to be undervalued by \$28,000, and resulted in an under billing amount of approximately \$150. The remaining four errors resulted in properties being undervalued between \$34 to \$875, but did not result in a material impact on property tax bills. These input errors were not detected by approvers, suggesting that supervisors need to more closely review property details that staff enter in the Systems.

- **Approvals for Owner Deactivations** - More than 500 clerical and appraisal staff process approximately 48,000 owner deactivations a year without a separate approval in the Systems. Owner deactivations are processed when businesses close or owners sell their taxable personal property (e.g., boat, airplane, etc.). While many of the deactivated owners' properties are transferred to a new owner, some deactivations result in taxable property worth millions of dollars being removed from the roll. The lack of a review/approval increases the risk that staff could inappropriately remove an owner/property from the assessment roll.
- **Approvals for Data Entry** - Clerical staff record valuation information each year for approximately 9,500 aircraft and boat appraisals valued at \$3.5 billion. Supervisory approval is not required to ensure clerical staff accurately data enter valuations. We reviewed a small sample of these appraisals and noted that all were data entered accurately. However, supervisory review is necessary to

ensure errors relating to inaccurate/unauthorized values in the Systems are detected.

While we reviewed a sample of property valuations and did not note any inappropriate activity, these approval weaknesses increase the risk that inappropriate activity could occur without being detected. Similar approval weaknesses contributed to alleged fraudulent activity going undetected in the Assessor secured property systems.

Recommendations

Assessor management:

- 1. Enhance the Systems to maintain an audit trail of the users who data enter and approve appraisals.**
- 2. Correct the property appraisal that was undervalued by \$28,000, and remind approvers to ensure that appraisals are accurately entered in the Systems before applying approvals.**
- 3. Evaluate implementing Systems approvals for owner deactivations.**
- 4. Enhance the Systems to require independent approvals for all data entry of unsecured property appraisals.**

Appraisal Timeliness

California Revenue and Taxation Code 616 requires the Assessor to appraise all of the County's taxable personal property by June 30th of each year. The Assessor sends information relating to the assessed value of personal property to the Auditor-Controller (A-C) and Treasurer and Tax Collector (TTC) for billing.

Using computer-assisted audit techniques (CAATs), we reviewed approximately 690,000 completed business property appraisals for tax years 2011, 2012, and 2013 to determine if they were sent to the A-C and TTC for billing to the owner. We noted that, in general, the Assessor does a good job of ensuring that completed business property appraisals are sent for billing. However, we noted the Assessor does not always resolve appraisal exceptions and places some appraisals on hold to resolve disputes with property owners. For example, we noted:

- **Unbilled Appraisals** - Fifteen appraisals, totaling approximately \$3.3 million in assessed value, were entered into the Systems timely, but were not sent to the A-C and TTC for billing because of processing errors in the Assessor's Systems.

Nine (60%) of the 15 unbilled appraisals, totaling approximately \$1.8 million in assessed value, went undetected and unbilled for up to two years (when we informed Assessor staff of this issue). The remaining six (40%), totaling nearly

\$1.5 million, were detected because property owners called to ask about their bills. Clerical staff processed new appraisals for all six to ensure that the owners were billed. However, the six original appraisals were not canceled and remained in the Systems for up to two years (the time of our review). In addition, Assessor exception reports did not detect any of these unbilled appraisals.

Assessor Information Technology (IT) staff were notified of these Systems processing errors, but did not log or track the problem, research the cause, or develop a plan to prevent it from reoccurring. Assessor management needs to correct the nine unbilled property appraisals, and cancel the six unneeded appraisals. In addition, Assessor management needs to ensure Systems exception reports capture all unbilled appraisals for staff to correct, and ensure staff log Systems processing errors, and research and resolve the causes.

- **Delays in Billing Disputed Appraisals** - Eight appraisals, totaling approximately \$8.7 million, were put on hold in the Systems for up to one year and were not billed to the owners while staff worked with the property owners to resolve disputes in value. However, the Assessor is not required to hold assessments during value disputes. To ensure that the County and local agencies receive property tax revenue timely, Assessor management should evaluate immediately processing all disputed appraisals for billing, and resolving owner disputes separately.

Recommendations

Assessor management:

5. **Correct the nine unbilled property appraisals, cancel the six unneeded appraisals, and ensure Systems exception reports capture all unbilled appraisals for staff to correct.**
6. **Ensure staff log all Systems processing errors, and research and resolve the causes.**
7. **Evaluate immediately processing all disputed appraisals for billing, and resolving owner disputes separately.**

Appraisal Documentation

Assessor policies require appraisal staff to document an appraisal to support every property value change entered in the Systems. Appraisal staff can retain appraisals in a physical property file or field canvassing log.

We reviewed 60 property value changes entered in the Systems and noted that the Assessor did not retain appraisal documentation for two (3%). Specifically, one business property did not have an appraisal in the field canvassing log to support a

\$7,500 reduction to property value entered in the Systems. Another tax exempt property did not have an appraisal in the property file to support the \$69,000 exemption amount entered in the Systems.

While Assessor management indicated that both the tax exemption and value reduction were valid, the Assessor needs to ensure staff retain supporting documentation for property appraisals and exemptions entered in the Systems.

Recommendation

- 8. Assessor management ensure staff retain supporting documentation on file for property appraisals and exemptions entered in the Systems.**

Access Controls

CFM Section 8.7.4 requires departments to limit system access based on each user's responsibilities, periodically review user access to ensure it is authorized and appropriate, and requires that passwords are complex to maintain their effectiveness. These controls enhance system access security and data integrity.

Inappropriate User Access

We used CAATs to review all Systems users and noted 112 user identifications (IDs) were not terminated for staff who left the Assessor between June 15, 2000 and June 1, 2011. Although we reviewed Systems logs and noted the access was not used, these users continued to have unneeded access to personal information such as owner names and addresses. News reports indicate that recent data breaches in the private sector have occurred in part because organizations did not detect inappropriate insider access such as this.

We also noted that one (9%) of the 11 Systems users reviewed had access to enter and approve personal property appraisals in the Systems, but was not responsible for processing appraisals based on her job duties. Assessor management should cancel employees' access when they terminate or transfer, develop and train staff on a procedure to ensure Systems access is canceled immediately upon termination, and restrict users' access to the Systems based on work assignments.

Recommendations

Assessor management:

- 9. Cancel terminated and transferred employees' access, and develop and train staff on a procedure to ensure Systems access is canceled immediately upon termination.**
- 10. Restrict users' access to the Systems based on work assignments.**

Access Control Procedures

We identified additional access control weaknesses, as follows:

- **Access Authorization** - We reviewed 28 Systems user accounts and noted 25 (89%) where the Assessor did not document approval for their access levels.
- **Monitoring High-Level Users** - The Assessor does not monitor the activity of 11 user accounts with high-level Systems access, as required by CFM Section 8.7.4.1. These high-level users can perform critical functions without oversight, including making changes to Systems programs, and adding/changing user access levels.
- **Shared User IDs** - Systems programmers share two generic log-on IDs with high-level access, including the ability to make changes to the Systems programs, so there is no record of who used the IDs.
- **Password Strength** - Systems passwords are not case-sensitive as required by CFM Section 8.7.4.3, making them easier to guess.
- **Data Security Awareness** - Two (12%) of the 17 users tested did not have a signed data security policy acknowledgement on file to indicate that they are aware of their responsibilities to protect County information resources as required by CFM Section 8.3.0.

To ensure information in the Systems is safeguarded and to minimize the risk of inappropriate activity, Assessor management should implement the following recommendations.

Recommendations**Assessor management:**

11. Document approval for access assignments and changes.
12. Monitor the activity of users with high-level access, and ensure all user identifications are assigned to specific individuals.
13. Ensure Systems passwords are case-sensitive.
14. Ensure employees sign a data security policy acknowledgement before they are given access to the Department's Systems.

System Changes

CFM Section 8.6.0 requires departments to ensure that system changes are tested, documented, and authorized before they are implemented. Changes should also be logged electronically by the Systems, and management should review the changes for compliance with system change policies. These controls help ensure integrity in IT systems.

We noted the following weaknesses over processing Systems changes:

- **Undocumented Changes** - Assessor IT staff made 149 Systems changes during FY 2012-13, and IT staff indicated that most of the Systems changes do not have documentation supporting why the change was necessary, who tested the change, the results of the tests, and management approval for implementing the changes into the production environment. Documentation is critical to support that all changes are authorized and reviewed for quality purposes, and to provide a historical reference record for new IT staff.
- **Separation of Duties** - We interviewed two programmers who indicated that they design and implement their own Systems changes without a separate review for accuracy. CFM Section 8.7.4.1 requires departments to separate the duties of programming and implementing changes to prevent staff from processing unauthorized modifications.
- **Monitoring Changes** - Assessor IT management does not periodically review the electronic log of Systems changes to ensure that changes are authorized, tested, and comply with County change control policies.

The Department's lack of Systems change control could allow programmers to implement unauthorized or inaccurate Systems changes. Inaccurate changes could cause errors in transaction processing or system reporting that are difficult for the end user to detect. Unauthorized changes could allow an insider to introduce malicious programs that steal data or disrupt operations. Assessor IT management needs to implement the following recommendations.

Recommendations

Assessor management:

15. **Ensure staff document all Systems change test results and approvals.**
16. **Separate the duties of programming and implementing Systems changes.**
17. **Periodically review the Systems change log to ensure that changes are authorized and comply with County change control policies.**

IT Hardware Purchases

During our review, we received an anonymous allegation that Assessor IT Division staff purchased a significant amount of IT hardware for the Systems, and that the hardware had never been implemented and may become obsolete.

We reviewed the Assessor Systems hardware purchases and noted that the Assessor purchased an IBM server for the Systems in September 2011 for \$130,000 but did not install the server until November 2013, after we asked about its status. Though the server was not obsolete, we noted that the Assessor could have saved approximately \$50,400 if they had purchased an equivalent server at the time of its installation. This purchasing weakness is similar to weaknesses noted in our April 13, 2012 report to the Board of Supervisors (Board) on the Assessor's compliance with Board IT Policies. Assessor management should continue working to implement the recommendations from our April 2012 report by evaluating their IT equipment inventory and only purchasing equipment when needed.

We also noted that Assessor management does not have an internal process for monitoring and documenting the status of their IT projects. The lack of oversight may have contributed to the two-year delay in implementing this server. In addition, this may have contributed to the IT governance issues noted in our January 3, 2013 report on Assessor management operations. Examples of these governance issues include a project portfolio priorities matrix that did not list items completed or denied to provide assurance that tasks had not been erroneously neglected, change requests that sometimes could not be traced to the matrix, and biweekly project status reports with notable differences from the Assessor's annual Business Automation Plan.

Recommendations

Assessor management:

- 18. Continue evaluating information technology equipment inventory and only purchase equipment when needed.**
- 19. Develop a process to monitor the status of its information technology projects, including documenting justification and approval for any delays.**

Standards and Procedures

CFM Section 8.2.3 requires departments to have standards and procedures to guide supervisors and staff in performing their duties.

We noted that the Assessor does not have up-to-date written standards/procedures for many of the processes we reviewed. This includes standards/procedures for:

- Creating, limiting, and periodically reviewing users' access to the Systems;
- Processing and approving business property appraisals in the Systems;
- Documenting aircraft property appraisals on manual forms; and
- Initiating, authorizing, testing, and documenting Systems changes.

To ensure staff are aware of their responsibilities, Assessor management needs to develop or update their policies and procedures in the areas noted in our review.

Recommendation

- 20. Assessor management develop or update their policies and procedures for the areas noted in our review.**

Systems Audit Findings

Many of the weaknesses noted in this report are similar to weaknesses noted in our report on the Assessor secured property systems. For example, we noted during both of our reviews that Assessor management has not restricted unneeded Systems access, created written procedures to guide staff in performing their work, and established controls to prevent unauthorized transactions (e.g., separation of duties controls, approval controls, exception reports, etc.). As mentioned in the Approval Controls section above, some of these weaknesses contributed to alleged fraudulent activity occurring in the secured property systems without being detected sooner.

Recommendation

- 21. Assessor management evaluate whether recommendations from the secured and unsecured property systems audits can be implemented for their other critical information technology systems.**



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February 10, 2015

TO: John Naimo
Auditor-Controller

FROM: Jeffrey Prang
Assessor

A handwritten signature in blue ink, reading "Jeffrey Prang".

SUBJECT: **UNSECURED PROPERTY SYSTEMS REVIEW**

This memo is in response to the report covering the remaining component of the Assessor's business operations and controls; specifically, a review of the unsecured property valuation systems.

Please find attached, our responses to the 21 recommendations included in the Auditor-Controller's review. Based on the feedback provided by your staff, we have implemented all recommendations. In addition, we will continue to monitor and review the areas outlined and ensure that the recommendations are incorporated in our Legacy System Modernization.

Should you have any questions or require additional information, please contact Santos H. Kreimann at (213) 974-3101 or via email at SKreimann@assessor.lacounty.gov.

JP:SHK:srm

Attachment

Assessor's Response

<p>1. Enhance the Systems to maintain an audit trail of the users who enter data and approve appraisals. (Complete)</p>	<p>The system now maintains an approval screen which details the appraiser, section head, supervisor, principal appraiser and chief who approved the appraisal. Required approval levels follow the market value guidelines provided by Appraisal Standards and are maintained strictly by status codes. The issue was that value fields remained open after the appraisal approval process was completed lending itself susceptible to invalid value changes. The system now locks the value fields to prevent unauthorized changes from occurring. Approval by the last person on the approval list locks the record and maintains the audit trail to that point in the system.</p>
<p>2. Evaluate implementing Systems approvals for owner deactivations. (Complete)</p>	<p>Our Information Technology Division (ITD) evaluated the requirements to implement approvals for owner deactivations. While implementing approvals for owner deactivation is not possible within our current system environment and resources, it has been included in the replacement of that module design.</p> <p>Additionally, ITD evaluated the existing AS400 system logs to identify unauthorized ID accounts. Any questionable ID's were noted, investigated and if no justification existed, they were de-activated and deleted.</p> <p>As an ongoing interim solution, ITD uses both the monthly HR Attrition report and ad-hoc User ID Change Requests to remove or modify user rights. http://intranet/intranet/quicklink/ITDUserRegForm040.pdf</p>
<p>3. Enhance the Systems to require independent approvals for all data entry of unsecured property appraisals. (Complete)</p>	<p>Enhancement Complete. ITD staff modified existing code to include status codes that reflect the approvals of all unsecured property data entry.</p>
<p>4. Correct the nine unbilled property appraisals, cancel the six unneeded appraisals, and ensure Systems exception</p>	<p>On a quarterly basis, our IT Division (ITD) provides the chief clerk of each division with an <i>Unprocessed Items</i> report depicting (1) unbilled property appraisals, (2) unneeded appraisals and (3) system exceptions. The email</p>

Assessor's Response

reports capture all unbilled appraisals for staff to correct. (Complete)	includes the instructions for clerks to correct these issues to prevent duplicate work (or records).
5. Ensure staff log all Systems processing errors, and research and resolve the causes. (Complete)	The AS400 team tracks system processing errors and their associated root causes via the existing SharePoint site (called the AS400 Tracking Log). Resolutions and completion dates are also kept in this log.
6. Evaluate immediately processing all disputed appraisals for billing, and resolving owner disputes separately. (Complete)	ITD evaluated the report (Database Error Report) for initiating the immediate processing of disputed appraisals for billing. Our process now includes immediately processing disputed appraisals identified.
7. Assessor's management ensure staff keep supporting documentation on file for property appraisals and exemptions entered in the Systems. (Complete)	We updated the review process to ensure that staff properly document property appraisals. Now, every appraisal requires review. Reviews vary from a simple transfer with a single reviewer up through changes in assessment that would require several levels of approval. Each level of approval allows the reviewer access to the system and the file to confirm proper documentation.
8. Assessor's management correct the property that was undervalued by \$28,000, and remind approvers (Complete)	Assessor management corrected the undervalued property. The File Activity Report (FAR) identifies values that did not properly post in the system. These reports are reviewed and addressed by staff regularly to ensure appraisals are accurately entered in the system. When mistakes are discovered, approvers are reminded to ensure that appraisals are accurately entered in the Systems before applying approvals.
9. Cancel terminated and transferred employees' access, and develop and train staff on a procedure to ensure Systems access is canceled immediately upon termination. (Complete)	ITD has terminated inappropriate user access. Our procedure for regular removal of system access includes removing all access from recently released employees listed on the monthly attrition report provided by Human Resources. ITD disables non-authorized accounts then delete the accounts within 120 days.

Assessor's Response

10.Restrict users' access to the Systems based on work assignments. (Complete)	All access to network resources were based on the work assignments and approved by the supervisor. IT now regularly review user access levels.
11.Document approval for access assignments and changes. (Complete)	ITD implemented a User Access form which must be submitted with proper approval signatures before access will be set up for either Windows or AS400 servers.
12.Monitor the activity of users with high-level access, and ensure all user IDs are assigned to specific individuals. (Complete)	User ID's within the AS400 system are regularly checked against the current eHR position control to validate that each user with elevated rights has the appropriate access to systems by role/assignment.
13.Ensure Systems passwords are case-sensitive. (Complete)	ITD enabled password complexity (including case-sensitivity) requirement in AS400.
14.Ensure employees sign a data security policy acknowledgement before they are given access to the Department's Systems. (Complete)	All employees currently have up-to-date data security acknowledgements and new employees must sign the data security policy before a user profile will be set up.
15.Ensure staff document all System change test results and approvals. (Complete)	Now all changes are properly documented through a <i>Change Form Request</i> which are only processed with proper approvals.
16.Separate the duties of programming and implementing system changes. (Complete)	The duties of programming and implementing system changes have been separated. Each system change is documented on "Test Results by Users / Managers" form, which captures the change test results in a QA / Test environment, and documents the separation of duties between the developer / coder and the QA testing team. There is an archiving feature which saves each version in the Archive Library. The implementation of the production change is documented on the "Production Release Request" form, which is reviewed by the Network (AS400 administration) team.

Assessor's Response

17. Periodically monitor the Systems change log to ensure changes are appropriate and comply with Systems change control policies. (Complete)	<p>The AS400 team now tracks system processing errors and their associated root causes via the existing SharePoint site (called the AS400 Tracking Log). Management reviews the log regularly to ensure compliance with the change control policies.</p>
18. Continue evaluating IT equipment inventory and only purchase equipment when needed. (Complete)	<p>ITD management has walked the inventory warehouse, identified all items which can be placed into production, and deployed them with either the business or the ITD teams as appropriate. Current purchases comply with the County Fiscal Manual.</p>
19. Develop a process to monitor the status of its IT projects, including documenting justification and approval for any delays. (Complete)	<p>All ITD projects are documented, reviewed and approved quarterly by our CIO.</p>
20. Assessor's management develop or update policies and procedures for the areas noted in our review. (Complete)	<p>Policies related to the Unsecured Property System have been updated. Personal Property Handbook 5460-01-7 Section 3.2 (D) has been revised to correctly indicate the source (AS-400) for documentation and archiving of appraisals and supporting documents, including the ASSR-326 and ASSR.25.1.</p> <p>All appraisers and management were emailed the updates. Additionally, the newest version of the policy is included on the Assessor's Intranet. Specific policies attached in the Assessor's Audit database.</p>
21. Assessor's management evaluate whether recommendations from the Secured and Unsecured Property Systems audits can be implemented for their other critical IT systems. (Complete)	<p>Secured and Unsecured Property System recommendations were evaluated by Assessor management and implemented where feasible. Additional implementation will be accomplished through Legacy System Modernization.</p>